

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE SOUTHERN MADISON WATER)
DISTRICT, A WATER DISTRICT ORGANIZED)
PURSUANT TO CHAPTER 74 OF THE KENTUCKY)
REVISED STATUTES, OF MADISON COUNTY,)
KENTUCKY FOR (I) APPROVAL OF THE)
ADJUSTMENT OF WATER RATES PROPOSED TO BE)
CHARGED BY THE DISTRICT TO CUSTOMERS OF)
THE DISTRICT, (II) A CERTIFICATE OF PUBLIC) CASE NO. 9596
CONVENIENCE AND NECESSITY, AUTHORIZING)
AND PERMITTING SAID WATER DISTRICT TO)
CONSTRUCT AN EXTENSION TO ITS WATERWORKS)
DISTRIBUTION SYSTEM; AND (III) APPROVAL)
OF THE PROPOSED PLAN OF FINANCING OF SAID)
IMPROVEMENTS AND EXTENSION OF SAID WATER-)
WORKS DISTRIBUTION SYSTEM)

O R D E R

On August 20, 1991, Southern Madison Water District ("Southern Madison") filed a motion to hold in abeyance a portion of the Order entered in this proceeding on August 14, 1986 ("1986 Order"). In support of its motion, Southern Madison stated that the commissioners of the district and counsel for the district first became aware in an informal conference held at the Commission on July 31, 1991 in relation to Case Nos. 90-305¹ and 91-188² that the district had not complied with a requirement

¹ Case No. 90-305, Application of Southern Madison Water District for Certificate of Convenience and Necessity to Construct Storage Facilities.

² Case No. 91-188, Investigation of Construction by Southern Madison Water District, H. Wayne Lunsford, Leonard Hays, Howard Woodson, and Ray Curry.

contained in the 1986 Order. Specifically, that Order had directed Southern Madison to install two hydropneumatic stations as a condition of certificating the construction proposed therein.

In its motion, Southern Madison stated that the two hydropneumatic stations had not been constructed, but that the issues involved in Case No. 90-305 were interrelated with the 1986 Order in that the construction proposed in Case No. 90-305 would solve the low pressure problems upon which the requirement to install the two hydropneumatic stations was based. Southern Madison therefore requested that that portion of the 1986 Order which required the district to construct the hydropneumatic stations be held in abeyance until such time as Case No. 90-305 was resolved, to avoid the possibility of needless duplication and expense to the district. The Commission, by Order dated September 20, 1991, granted Southern Madison's motion.

Following the discovery in Case No. 90-305 of evidence that the construction proposed therein had actually been completed, the Commission initiated a show cause proceeding against Southern Madison for constructing facilities without having first obtained a certificate from the Commission. The show cause proceeding (Case No. 91-188) was resolved with the adoption of a Settlement Agreement by Commission Order dated September 24, 1991, and by Order entered this date in Case No. 90-305 the Commission dismissed the proceeding on the basis that the Commission would not certificate construction which had already been completed.

Accordingly, the issue of Southern Madison's failure to comply with the 1986 Order need no longer be held in abeyance.

Southern Madison stated in its motion that the commissioners of the district do not remember ever being apprised of the requirement of the 1986 Order, and had no knowledge of same until the July 31, 1991 informal conference. Southern Madison also stated in its motion that any noncompliance with the 1986 Order on the part of Southern Madison was unintentional, and committed through oversight and lack of personal knowledge of the contents of the Order.


Of more significance is Southern Madison's contention that the construction proposed in Case No. 90-305 will solve the low-pressure problems upon which the requirement to install the two hydropneumatic stations was based. As discussed above, the construction proposed in Case No. 90-305 has actually been completed, although it is not yet operational. It would be counterproductive to require Southern Madison at this time to construct the hydropneumatic stations if such construction is no longer necessary due to the construction at issue in Case No. 90-305. However, Southern Madison has not presented persuasive evidence that the proposed construction will eliminate the need for the hydropneumatic stations. Additional engineering computations and field measurements are necessary to demonstrate the effectiveness of the recent construction. The Commission therefore finds that the requirement of the 1986 Order to construct two hydropneumatic stations should be held in abeyance for a time period sufficient to determine whether the construction

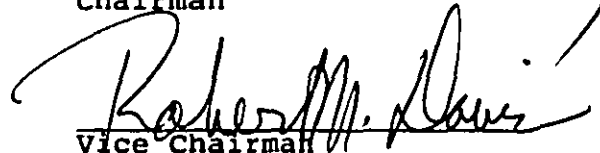
at issue in Case No. 90-305 has, in fact, obviated the need for the hydropneumatic stations.

IT IS THEREFORE ORDERED that that portion of the Commission's August 14, 1986 Order herein which requires Southern Madison to install two hydropneumatic stations is hereby held in abeyance for a period of one year from the date of this Order. Within 30 days after the one-year period has elapsed, Southern Madison shall file such data with the Commission as will enable the Commission to determine whether the hydropneumatic stations are no longer necessary, including a complete, thorough calibrated hydraulic analysis of the existing water distribution system as presently constructed, documented by field measurements.

Done at Frankfort, Kentucky, this 1st day of November, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director